

SENATE BILL 2557
By Burks

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 4, to impose a privilege tax upon unlawful conduct involving controlled substances.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 4, is amended by adding the following as a new section:

Section ___. (a) Every person is exercising a taxable privilege who engages in this state in the unlawful sale, use, consumption, distribution, manufacture, derivation, production, transportation, or storage of a controlled substance as defined in Tennessee Code Annotated, Title 39, Chapter 6, Part 4. For the exercise of such privilege, a tax is levied on each taxable transaction or incident, including each occasional or isolated unlawful sale, use, consumption, distribution, manufacture, derivation, production, transportation, or storage, at the rate of twenty percent (20%) of the estimated retail price of the controlled substance involved in the transaction or incident.

(b) The sale, use, consumption, distribution, manufacture, derivation, production, transportation, or storage of any controlled substance by a federal, state or local law enforcement officer, official or employee, or his agent, acting in his official capacity is exempt from the tax imposed by this section.

(c) The taxes imposed by this section are subject to the same interest and penalties and the same procedures for collection and enforcement as other taxes imposed by this chapter. The department of revenue may promulgate rules for administering the taxes imposed by this chapter.

(d) Neither this section nor the assessment or collection of taxes under this section shall be construed as making lawful the transaction or incident which is the subject of the tax.

(e) Any tax assessment made pursuant to this section shall be deemed prima facie correct in any judicial or administrative proceeding in this state. The suppression of evidence on any ground by a court in a criminal case involving a transaction or incident taxable under this section, the dismissal of criminal charges or a verdict of acquittal in such a case shall not affect any tax assessment made under this section.

(f) The department of revenue shall notify the district attorney general of the appropriate district of an assessment made under this section. The commissioner of revenue or his designee may settle or compromise any tax, penalty, or interest imposed under this section only when requested by the appropriate district attorney general, in writing, to do so and only when the commissioner of revenue or his designee finds that it is in the best interest of the state to do so. A request by the district attorney general under this subsection shall specify the reasons for the request. The request and all information and documents furnished by the district attorney general in support of such request are confidential and an exception to the provisions of Tennessee Code Annotated, Section 1-7-503.

(g) All proceeds from the tax imposed by this section shall be deposited in the general fund and shall be expended only for the purposes of developing, creating, and funding new drug rehabilitation programs or supplement, improving or expanding existing drug rehabilitation programs.

SECTION . This act shall take effect July 1, 1996, the public welfare requiring it.

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